

S E C R E T

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

22 June 1979

National Intelligence Officers

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director for National
Foreign Assessment

National Intelligence Officer
for Warning

FROM:
Assistant National Intelligence
Officer for China

SUBJECT: Monthly Warning Assessment: China

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1. The Indochina Situation. Analysts at the 18 June meeting felt that Indochina remained a festering problem for China, but not one that required any particular decision from Beijing in the short or medium term. Analysts expected a step-up in Chinese attempts to destabilize the Lao government, but generally agreed that Chinese efforts in this area would remain relatively modest. Chinese allies in Kampuchea had lasted to the rainy season and would obviously survive through the rains (i.e., until late in the year at a minimum). Chinese troop movements continued to indicate that Beijing has no intention of renewing the border war soon. Some analysts believed that this could change if Vietnam engaged in serious and sustained hostilities with Thailand, but none thought that likely.

2. Sino-Soviet Relations. Analysts believe that more information will be needed before it is possible to clarify Chinese intentions regarding the proposed talks with Moscow. Signals at this point are decidedly mixed and considerable

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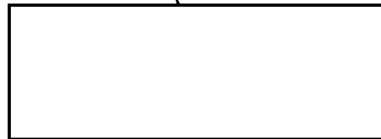
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ambiguity remains in the situation. We do not, for example, as yet have the text of Hua Guofeng's opening speech at the NPC. Some analysts noted that given even the most pacific interpretation of Chinese motives it was necessary to consider also the signs of continuing military buildup on the Soviet side of the border.

3. The Internal Situation. Most analysts accepted evidence that Deng Xiaoping's position had weakened over the last several months, although a minority view was expressed that Deng's influence has continued to expand on a virtual straight-line projection. Most analysts believed that in the weeks immediately preceding the NPC Deng had begun to recover, but there was some ambiguity as to how far this recovery process had gone. No one at the meeting foresaw a major crisis or a rapid return to major political bloodletting.

4. Afghanistan. This subject was only briefly discussed. All analysts believed that the Soviets were in an extremely difficult situation but none foresaw developments that would lead to major Chinese involvement.



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